

PLEASE READ THIS ENDORSEMENT CAREFULLY AS IT CHANGES YOUR POLICY

STATE ENDORSEMENT – NORTH CAROLINA

The following amendments change the policy. Please read your entire policy for full details about your coverages.

In the Personal Auto Policy - North Carolina, NC 00 01, **PART D – COVERAGE FOR DAMAGE TO YOUR AUTO** is replaced by the following:

PART D - COVERAGE FOR DAMAGE TO YOUR COVERED AUTO

DEFINITIONS

- A. "Antique vehicle" means a motor vehicle 25 years or more of age that is:
1. Maintained primarily for use in car club activities, exhibitions, parades, other functions of public interest or for a private collection; and
 2. Used only infrequently for other purposes.
- B. "Classic vehicle" means a motor vehicle of unique or rare design and of limited production which was originally manufactured within the past 24 years and is an object of curiosity which is:
1. Maintained primarily for use in car club activities, exhibitions, parades, other functions of public interest or for a private collection, and
 2. Used only infrequently for other purposes.

For purposes of this policy, a "classic vehicle" also includes a reproduction model of an "antique vehicle" or a "classic vehicle" as defined above. Reproduction model means:

1. Reproduction models of vehicles older than 24 years; or
2. All vehicles which have been substantially re-manufactured.

- C. "Collision" means the upset or impact of "your covered auto" with another object.
- D. "Equipment" means tools stored in "your covered auto" and used for the emergency maintenance of "your covered auto".
- E. "Exotic and special interest vehicle" means a motor vehicle typically manufactured within the past 14 years and because of its specific make, model year of manufacture, and exceptional physical condition, is considered to be increasing in value rather than depreciating in value.

The "exotic and special interest vehicle" is:

1. Maintained primarily for use in exhibitions, parades, other functions of public interest or for a private collection; and
2. Used only infrequently for other purposes.

For purposes of this definition, an "exotic and special interest vehicle" shall include all high performance or kit vehicles meeting the criteria set forth herein.

- F. "Motorcycle" means a two or three-wheeled motorized vehicle of the motorbike, motorcycle, moped or motor scooter type designed for travel on public roads, and any sidecar designed for it, if the sidecar is shown with the motorcycle in the Declarations or Schedule.

- G. "Newly acquired auto" means any:

1. "Antique vehicle";
2. "Classic vehicle"; or
3. "Antique vehicle" or "classic vehicle" of the "motorcycle" type, but is not a reproduction or "structurally modified motorcycle";

on the date you became owner during the policy period, whether as a new vehicle or replacement of a vehicle shown in the Declarations or Schedule, provided that:

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1. It is in stock condition and has not been modified from the original manufactured design;
2. You ask us to insure it within 30 days after you become the owner; and
3. We insure all of your collector vehicles.

Under this **PART D**, the limit provided on this vehicle will be the lesser of the following:

1. The purchase price;
2. The verifiable value; or
3. \$50,000.

An endorsement must be issued to fully cover any additional vehicles you acquire.

- H. "Other than collision" includes loss to "your covered auto" caused by missiles or falling objects; fire; theft or larceny; explosion or earthquake; windstorm; hail, water or flood; malicious mischief or vandalism; riot or civil commotion; contact with bird or animal; or breakage of glass. If breakage of glass is caused by a "collision", you may elect to have it considered a loss caused by "collision".
- I. "Regular use vehicle" means a motor vehicle which is used for regular driving to work, school, shopping, errands or for general transportation and is not an "antique vehicle", "classic vehicle" or "exotic and special interest vehicle".
- J. "Structurally modified motorcycle" includes a "motorcycle" which has had its frame or structure altered from its original manufacturing specification, including but not limited to any alteration to the geometry of its steering.
- K. "Your covered auto" means:
 1. Any "antique vehicle", "classic vehicle" or "exotic and special interest vehicle" shown in the Declarations or Schedule.
 2. A "newly acquired auto".

INSURING AGREEMENT

We will pay for direct and accidental loss to "your covered auto", including its "equipment", minus any applicable deductible shown in the Declarations or Schedule, when such loss is caused by:

- A. "Other than collision" only if the Declarations or Schedule indicate that Other Than Collision Coverage is provided for that auto.
- B. "Collision" only if the Declarations or Schedule indicate that Collision Coverage is provided for that auto.

MOTORCYCLE SAFETY APPAREL

- A. We will pay for direct physical loss to any safety equipment worn by you or any person on "your covered auto" that is a "motorcycle" at the time of an accident. Safety apparel means:

1. Helmet;
2. Jacket;
3. Pants or chaps;
4. Boots;
5. Gloves; or
6. Goggles;

made of leather, ballistic nylon or a similar synthetic material.

The damage to the safety apparel must occur as a direct result of the accident.

- B. We will not pay for loss to safety equipment unless the equipment is made available for inspection after a loss. We will not pay for loss to helmets unless they comply with Federal Motor Vehicle Safety Standards.

C. Our limit of liability for safety apparel for each accident will be the lesser of:

1. The actual cash value of the safety apparel;
2. The cost to repair or replace the damaged safety apparel with others of like kind and quality; or
3. The difference between the value of the safety apparel prior to the accident and immediately following the accident.

However, in no event will our limit of liability for Safety Apparel exceed \$500 per helmet per accident, and not more than a combined total of \$1,000 for all Safety Apparel damaged in any one accident.

SPARE PARTS

A. We will pay up to \$750, or the amount shown on the Declarations or Schedule for "Spare Parts", for direct and accidental loss or damage to "spare parts" for "your covered auto".

"Spare parts" means a replacement for an item normally a part of "your covered auto" which is not currently in place on "your covered auto".

B. This coverage does not:

1. Increase the limit of liability for "your covered auto" as stated under **PART D** in the Declarations or Schedule.
2. Include parts held for sale by you or property of others in your care, custody or control.

CAR COVERS

We will pay up to \$250 for direct and accidental loss or damage to a car cover or car bra used for "your covered auto". This coverage does not increase the limit of liability for "your covered auto" as stated under **PART D** in the Declarations or Schedule.

EXCLUSIONS

We will not pay for:

1. Loss or damage caused by inherent defect; dampness, mildew, mold, rot or rust; temperature extremes; mechanical or electrical breakdown or failure; wear and tear; gradual deterioration; or loss of use.
2. Loss or damage caused by any repairing, renovating or refinishing process unless the process results in a fire or explosion. We will pay only for damage caused by the fire or explosion.
3. Road damage to tires unless caused by "other than collision" covered by this policy.
4. Loss due to or as a consequence of war (declared or undeclared), civil war, insurrection, rebellion, revolution, government confiscation or repossession.
5. Loss to "your covered auto" due to forfeiture ordered by the courts or destruction or confiscation by governmental or civil authorities because you or any "family member":
 - a. Engaged in illegal activities; or
 - b. Failed to comply with Environmental Protection Agency or Department of Transportation standards.
6. Loss due to nuclear reaction, nuclear radiation or radioactive contamination. We will pay for direct loss by fire resulting from any of these.
7. Loss to any data or sound receiving or transmitting equipment designed for use as a citizens band radio; two-way mobile radio; telephone; facsimile machine; or scanning monitor receiver; including its antennas or accessories.

This exclusion does not apply if the equipment is permanently installed in the dash or console opening normally used by the auto manufacturer for the installation of a radio.
8. Loss to equipment designed for the reproduction of sound not permanently installed in "your covered auto".

9. Loss to tapes, records, compact discs or other sound reproducing devices designed for use with sound reproducing equipment.
10. Loss to "spare parts" caused by theft unless the loss results from forcible entry into the place where your "spare parts" are normally kept; into "your covered auto" itself; or into a securely locked compartment. All losses caused by theft must have visible marks of forcible entry.
11. Loss or damage intentionally caused or directed by you or any "family member".
12. Loss caused by or resulting from "your covered auto" being:

a. Involved in any prearranged, organized, or spontaneous race or involved in:

- 1) Preparation for a race of this type, but only while in any pit area, on the track or racecourse or its entrance or exit lanes; or
- 2) Practicing or qualifying for a race of this type.

A race includes any contest for speed or endurance, whether against another competitor or against a time measuring device.

b. Being used at a:

- 1) Racing facility; or
- 2) Facility or roadway temporarily designated for speed, time, racing, or performance driving events. This includes, but is not limited to, the use of "your covered auto" at a performance or racing driving school, a rally in excess of the legal speed limit, or a closed road rally.

However, paragraphs a.1) and b. of this exclusion do not apply while "your covered auto" is:

- 1) In a race facility's "paddock" area or a specified show display area;
 - 2) Being trailered from one location to another;
 - 3) Used by you to attend a racing event as a spectator;
 - 4) Being operated for purposes of display in any pre- or post-race parade laps; or
 - 5) Involved in an organized event on open, public roads while operated within legal speed.
- c. Being used to prepare, practice or qualify for, or participate in, any of the following activities, regardless of where they take place:
- 1) Forced hydraulic bouncing competitions or exhibitions;
 - 2) Pulling against another vehicle, or pulling of a weighted object competitions or exhibitions, but not including trailer pulling;
 - 3) Stereo thumping competitions or exhibitions; or
 - 4) Any other similar competitive or exhibition activity that a reasonable person could foresee may cause injury or damage.

However, paragraph c., of this exclusion does not apply while "your covered auto" is:

- 1) In a facility or a specified show display area and is not involved in any competitive or exhibition activity described in this paragraph;
 - 2) Being trailered from one location to another; or
 - 3) Used by you to attend an event as a spectator.
13. Loss or damage to "your covered auto" which occurs while it is being used as a public or livery conveyance. This includes but is not limited to any period of time while it is being used by any person who is logged into a "transportation network platform" as a driver, whether or not a passenger is "occupying" the vehicle.

This exclusion does not apply to a share-the-expense car pool.

"Transportation network platform" as used in this exclusion, means an online-enabled application or digital network used to connect passengers with drivers using vehicles for the purpose of providing prearranged transportation services for compensation.

14. Loss or damage to "your covered auto" that is a "motorcycle" resulting from its use in any field games.

LIMIT OF LIABILITY

- A. We will pay the limit shown under **PART D** in the Declarations or Schedule for each scheduled vehicle, which is the Guaranteed Value® of "your covered auto", in case of a total loss or "constructive total loss".
- B. For all other loss or damage to "your covered auto", we will pay the amount necessary to repair or replace the property, whichever is less, provided you actually repair or replace the property, with similar kind and quality, without regard to depreciation or betterment, but we will not pay more than the agreed limit per vehicle shown under **PART D** in the Declarations or Schedule.

LOSS TO A PAIR, SET OR PARTS

In case of a loss to a pair or set we will repair or replace any part to restore the pair or set to its value before the loss.

In case of loss or damage to any part of an insured item consisting of several parts, we are liable only for the value of the lost or damaged part.

PAYMENT OF LOSS

Unless a claim has been paid by others, we will pay any loss covered under this policy within 30 days after we reach agreement with you, entry of a final judgment, or the filing of an appraisal award with us.

We may pay for loss in money or repair or replace the damaged or stolen property. We may, at our expense, return any stolen property to you or to the address shown in this policy. If we return stolen property we will pay for any damage resulting from the theft. We may keep all or part of the property at an agreed or appraised value.

The right of salvage belongs to us. You may, at your option, purchase the salvage from us. You must advise us of your intent prior to our making payments under the terms of this policy.

NO BENEFIT TO BAILEE

No person or organization having custody of the property who is paid or to be paid for services shall benefit from this coverage.

OTHER INSURANCE

If other insurance also covers a loss, we will pay only our share. Our share is the proportion that our limit of liability bears to the total of all applicable limits.

APPRAISAL

- A. If we and you do not agree on the amount of loss, either party may demand an appraisal of the loss. In this event, each party will select a competent appraiser. The two appraisers will select an umpire. The appraisers will set the amount of loss. If they fail to agree, they will submit their differences to the umpire. A decision agreed to by any two of the three will be binding.
- B. Each party will:
1. Pay its chosen appraiser; and
 2. Bear the expenses of the appraisal and umpire equally.
- C. We do not waive any of our rights under this policy by agreeing to an appraisal.

VEHICLE TRAILER

"Your vehicle trailer" is covered only for physical loss or damage to the trailer itself.

We will cover "your vehicle trailer", less any applicable deductible shown in the Declarations or Schedule, for up to the amount of insurance specified in the Declarations or Schedule.

Coverage is subject to all of the applicable terms and conditions of this policy.

"Your vehicle trailer" means the vehicle trailer(s) shown in the Declarations or Schedule.

LIMITED VEHICLE FRAUD COVERAGE

A. We will pay for loss to "your covered auto" caused by:

1. Theft of monies resulting from the sale of "your covered auto" by an "authorized third party broker"; or
2. The confiscation of your vehicle by a public authority as a result of the fraudulent and unlawful use of the Vehicle Identification Number (VIN) by others, or the confiscation of your vehicle by a public authority if the title of "your covered auto" is shown to be fraudulent and you did not know it was fraudulent, but only if the confiscation results in your complete loss of ownership of the vehicle.

The most we will pay for this coverage during any policy period is \$1,500 or the amount for Limited Vehicle Fraud Coverage shown in the Declarations, whichever is greater. This coverage does not increase the limit of liability for "your covered auto" as stated under **PART D** in the Declarations or Schedule.

However, we do not cover:

1. Loss arising out of or in connection with a "business" owned by you or any "family member";
2. Losses resulting from any fraudulent, dishonest or criminal act by you or any "family member";
3. Losses resulting from any person aiding or abetting you or any "family member", whether acting alone or in collusion with others; or
4. Monies which, for any reason, a bank or any other drawee fails to pay.

"Authorized third party broker" means an individual or business with which you have made an agreement to facilitate the sale of "your covered auto". This does not include any individual or employee or owner of any business who is related to you by blood, adoption, marriage or civil union or domestic partnership, or is a member of your household.

GLASS DEDUCTIBLE WAIVER

We will not apply a deductible when windshield or window glass is repaired if it is damaged as a result of "Other Than Collision" or "Collision" only if the Declarations or Schedule indicate that Other Than Collision Coverage or Collision Coverage is provided for "your covered auto". If the damage to windshield or window glass occurs at the same time as damage to other parts of "your covered auto", the deductible applicable to the other damage to "your covered auto" may still apply.

In the Personal Auto Policy - North Carolina, NC 00 01, **PART E – DUTIES AFTER AN ACCIDENT OR LOSS- FILING A CLAIM** is amended as follows:

Paragraph 3. of the **Additional Duties For Coverage for Damage To Your Auto** provision is replaced by the following:

3. Permit us to inspect and appraise the damaged property, including but not limited to any damaged glass or windshield, before its repair, replacement or disposal.

The following is duty added to **Additional Duties for Coverage For Damage To Your Auto** :

A person seeking Limited Vehicle Fraud Coverage must take all reasonable steps to cause a warrant to be issued, as soon as practicable, for the arrest of anyone causing a covered loss under this coverage. Failure to cause such warrant to be issued as required by this provision shall not invalidate any claim made by you, if you can show you made reasonable efforts to do so.

In the Personal Auto Policy - North Carolina, NC 00 01, **PART F – GENERAL PROVISIONS** is amended as follows

With respect to **PART D**, the following changes are made:

Under the **Changes** provision, the following is added:

Premium adjustment may be made as the result of a change in alterations or modifications to "your covered auto". If you alter or modify your vehicle in any way you must notify us in writing within 30 days.

Under the **Legal Action Against Us** provision, the following is added:

Under **PART D**, suit or action must start within three years of the date of loss, but this time period will be extended by the number of days between the date you file your proof of loss with us and the date we deny all or part of your claim.

Under **Termination – Cancellation, Nonrenewal, Automatic Termination, Other Termination Provisions**, the following changes are made:

The **Other Termination Provisions** is replaced by the following:

1. If the law in effect in North Carolina at the time this policy is issued, renewed or continued:
 - a. Requires a longer notice period;
 - b. Requires a special form of or procedure for giving notice;
 - c. Modifies any of the stated termination reasons; or;
 - d. Adds any additional termination reasons;

we will comply with those requirements and this policy shall be deemed amended to include any such change in the law.

2. Proof of mailing of any notice shall be sufficient proof of notice.
3. If this policy is canceled by you or us, any premium owed or premium refund will be calculated on a pro rata basis. However, making or offering to make the refund is not a condition of cancellation.
4. The effective date of cancellation stated in the notice shall become the end of the policy period.

The following is added to the **Transfer Of Your Interest In This Policy** provision:

The benefits of this Policy that may be available to you following a covered loss may not be assigned unless:

1. All duties listed under the **Additional Duties For Coverage For Damage to Your Auto** provision in **PART E** are performed by a person seeking coverage;
2. An inspection of the damage has been conducted by an adjuster authorized by us, or we give our consent; and
3. Any Assignee receiving a benefit under this Policy assigned under this provision for damage to "your covered auto" is subject to all duties and conditions under the policy. This includes the Appraisal clause under **PART D** to resolve disagreements on the amount of loss.

The following is added:

CONDITIONAL RENEWAL

1. If we intend to increase the policy deductible or premium rates other than at your request, we will mail written notice of conditional renewal to the named insured shown in the Declarations at the last known address. Notice will be mailed at least 45 days before the end of the policy period and contain the renewal terms and a statement of the premium due for the renewal policy.
2. Notice of conditional renewal shall not be required where you have obtained coverage elsewhere, have accepted replacement coverage, or have requested or agreed to nonrenewal. If we fail to provide notice of conditional renewal in the manner described above, you may cancel the renewal policy within the 30-day period following receipt of the

renewal terms and statement of premium due. Any return premium shall be calculated pro rata based upon the premium applicable to the expiring policy.

3. If we do not provide notice of conditional renewal at least 45 days before the expiration of the policy, the named insured shall have the option of coverage under the policy being renewed and at the same cost of that policy until 45 days have elapsed after we have provided you such notice.

With respect to **PART D**, the following are added:

REGULAR USE VEHICLE REQUIREMENT

This policy provides coverage for your "antique vehicle", "classic vehicle" and/or "exotic and special interest vehicle" shown in the Declarations or Schedule. You must own a "regular use vehicle" which must be insured by a separate insurance policy which must be in effect for the entire time this policy is in effect. In no event will this policy serve as your only auto coverage.

PRIVATE PLEASURE USE

Coverage will be suspended if "your covered auto" is:

- A. Rented or leased to any person for a fee;
- B. Used to carry persons or property for a fee, or for any commercial use unless prior written consent has been obtained from us;
- C. Used for any illegal act by any person.

PAYMENT OF LOSS

Payment of loss, with all your indebtedness to us being first deducted, will be made within 30 days after we either reach agreement with you, a final judgment is entered in the court, or an arbitration award is filed with us.

If we pay a total loss or a "constructive total loss" for any of "your covered auto(s)" shown in the Declarations or Schedule, all coverage under this policy for such covered auto(s) will terminate simultaneously upon payment of the loss. The amount we will pay for a total loss or "constructive total loss" of "your covered auto(s)" shall be reduced by any amount previously paid for repairs not completed at the time of the total loss or "constructive total loss".

"Constructive total loss" means a loss where the cost to repair damage to "your covered auto" will exceed the agreed value of the vehicle when fully repaired.

ABANDONMENT

There can be no abandonment of "your insured property" to us.

"Your insured property" means "your covered auto", "spare parts" and/or personal effects.

OTHER INSURANCE POLICIES

This policy provides coverage for your "antique vehicle", "classic vehicle" and/or "exotic and special interest vehicle" and applies only to the vehicle(s) shown in the Declarations or Schedule. Any other vehicles you own should be insured by a separate policy. In no event will this policy provide coverage for any vehicles other than those shown in the Declarations or Schedule, or which are added to this policy by endorsement.

TWO OR MORE AUTO POLICIES

If this policy and any other auto insurance policy issued to you by us apply to the same accident, the maximum limit of our liability under all the policies shall not exceed the highest applicable limit of liability under any one policy.

STATE LAW

Any part of this policy that conflicts with state law is automatically changed to conform to the law.

All other policy provisions apply.